

Message Text

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44

ACTION EUR-25

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INR-11 INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01

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E.O. 11652: N/A

TAGS: PFOR, ENRG, YO

SUBJECT: KRSKO NUCLEAR POWER PROJECT

REF: ZAGREB 0635

SUMMARY: YUGOSLAV DELEGATION TRAVELLING PITTSBURG ON OR ABOUT
AUGUST 6 CHIEFLY TO DISCUSS "COOPERATIVE PRODUCTION" ASPECTS
KRSKO PACKAGE WITH WESTINGHOUSE. AS TO SIGNATURE KRSKO
CONTRACT, WESTINGHOUSE REPRESENTATIVE EMPHASIZES WESTINGHOUSE
NOT PREPARED SIGN UNTIL ALL POINTS INCLUDING RELATED "COOPERATIVE
PRODUCTION" ASPECTS KRSKO PACKAGE RESOLVED. THIS COULD BE "SOME-
TIME IN SEPTEMBER". HE ALSO REPORTS \$215 MILLION EURODOLLAR
KRSKO FINANCING PACKAGE STILL \$35 MILLION SHORT. PLANNED
AUGUST 9 SIGNATURE EURODOLLAR FINANCING AGREEMENT THEREFORE
RESCHEDULED FOR AUGUST 16, BUT HE FORESEES POSSIBILITY "SEVERAL
WEEKS" DELAY. END SUMMARY

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1. D.C. PARSONS, WESTINGHOUSE PROJECT MANAGER FOR YUGOSLAVIAN PROJECTS, TOLD ME AUGUST 2 THAT YUGOSLAV DELEGATION INCLUDING JANEZ DULAR, DIRECTOR KRSKO PROJECT; IVAN MEDVEDEC, ACTING DIRECTOR ELEKTROPRIVREDA, ZAGREB (KRSKO INVESTOR); BORIS VADNJAL, GENERAL DIRECTOR, METALNA, MARIBOR (KRSKO CONSORTIUM MEMBER); PLUS SEVERAL OTHERS TRAVELLING PITTSBURG ON OR ABOUT AUGUST 6, CHIEFLY TO DISCUSS "COOPERATIVE PRODUCTION" ASPECTS (REFTEL) KRSKO PACKAGE. THEY HOPE TO MEET J.W. SIMPSON, PRESIDENT, WESTINGHOUSE POWER SYSTEMS. PARSONS EMPHASIZES WESTINGHOUSE NOT PREPARED SIGN KRSKO CONTRACT WITH INVESTORS UNTIL ALL POINTS INCLUDING RELATED "COOPERATIVE PRODUCTION" ASPECTS RESOLVED. THIS CONNECTION, WESTINGHOUSE COUNTING ON KRSKO INVESTORS' HELP IN RESOLVING MATTERS WITH CONSORTIUM OF YUGOSLAV ENTERPRISES FORMED PARTICIPATE IN "COOPERATIVE PRODUCTION" ASPECTS KRSKO. PARSONS UNDERSTANDS "TWO OR THREE" OF CONSORTIUM CONCERNED BECAUSE THEY REALIZE THEIR PRODUCTS MAY BE UNABLE CONTRIBUTE IN PLANT'S CONSTRUCTION AND THEREFORE SEEKING SOME FORM GUARANTEE. PARSONS ALSO REPORTS TENDENCY ON PART YUGOSLAV SUPPLIERS RAISE PRICES ON GOODS AND SERVICES OFFERED "LARGE AMERICAN CONTRACTOR". AS TO DATE FOR SIGNATURE KRSKO CONTRACT, PARSONS SUGGESTS "SOMETIME IN SEPTEMBER".

2. BECAUSE \$215 MILLION EUROS DOLLAR PORTION KRSKO FINANCING STILL \$35 MILLION SHORT, PARSONS REPORTS PLANNED AUGUST 9 DUBROVNIK SIGNING OF AGREEMENT ON EUROS DOLLAR PACKAGE RE-SCHEDULED FOR AUGUST 16, BUT HE FORESEES POSSIBILITY "SEVERAL WEEKS" DELAY.
WILSON

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